

**Aster DM Healthcare Limited**  
**Q4 and FY19 Earnings Conference Call Transcript**  
**May 30, 2019**

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**Moderator:** Ladies and gentlemen good day and welcome to the Aster DM Healthcare Limited's Q4 and FY19 earning conference call. As a reminder, all participants' lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing \* and then 0 on your touchtone telephone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Rishab Barar from CDR India. Thank you and over to you, sir.

**Rishab Barar:** Good day everyone. Welcome to Aster DM Healthcare Limited's earnings conference call for investors and analysts. The call has been hosted to discuss the Q4 and FY19 financial performance and operating highlights of the company.

I have with me on the call Dr. Azad Moopen – Chairman and Managing Director of the company; Mr. Sreenath Reddy – Group CFO and Dr. Harish Pillai – CEO, Aster Hospitals and Clinics, India.

We will commence the call with comments from the management team, post which we shall open the call for a Q&A session where the management will be very glad to respond to any queries that you may have. At this point, I would like to highlight that some statements made or discussed on the call today may be forward-looking in nature. The actual results may vary significantly from forward-looking statements made. Detailed statement in this regard is available on the company's earnings presentation which has been circulated earlier. I would now like to invite Dr. Azad Moopen for sharing his thoughts. Over to you, sir.

**Dr. Azad Moopen:** Thank you very much. Thanks a lot and good day everyone and thank you for joining us on this call. We have experienced a quarter of strong financial growth of the previous year with revenue growth at 23% and EBITDA growth of 33%. There is an improved growth not only sequentially but we also witnessed considerable growth on a corresponding quarter basis. While all the three segments contributed to increase in revenue, hospitals have added to the major chunk in the revenue.

By now, you must have an understanding on how the summer months affect our business in the GCC. To reiterate, during summer months, expat population travel to their home countries, primarily for vacation. Although this travel is fragmented during different times in this month, overall our business is impacted due to this. The second half of the year leads to better performance as this cycle is reversed, the impact of which is reflected quite positively in our Q4 results.

Coming to the performance of the business, revenue from operations increased by 23% from Rs. 1784 crore in Q4 18 to Rs. 2201 crore in Q4 19. EBITDA increased 33% from Rs. 263 crore in Q4 18 to Rs. 350 crore in Q4 19. PAT adjusted for

exceptional income in previous year grew by 44% from Rs. 145 crore in Q4 18 to Rs. 209 crore in the Q4 19. Our full year's performance has also been very strong. Revenue from operations increased by 18% from Rs. 6721 crore in FY18 to Rs.7963 crore in FY19. EBITDA increased 41% from Rs. 613 crore in FY18 to Rs. 863 crore in FY19. PAT adjusted for exceptional income grew by 140% from 139 crore in FY18 to 335 crore in FY19.

Our Indian operation gives us flexibility and access to a huge talent pool of doctors and nurses which in turn helps our business in the GCC country. Our focus in India is on large format hospitals in the large cities on an asset light model which is in line with our overall business philosophy even in the GCC. Over the next 5 years, we see our India business contribute into 25% of our revenue and the balance 75% will be coming from GCC.

One of the new verticals of business which we shall start this year is the laboratory business. We have already taken space in Bangalore for the central lab and we will be rolling out this in the quarter too. A senior resource with good experience has joined as CEO. This will be mainly a B2C business, leveraging the Aster brands in South Indian states where we are present. We hope that the lab business will lead to overall better ROCs of the Indian business. We have 24 hospitals in India and Middle East as on 31 March 2019. Another 220 bed hospital has commenced operations in Bangalore in April 2019. We are planning a 500-bed tertiary care hospital in Chennai which will be commissioned within the next 2.5 years. Three more new hospitals will come up in Dubai, Sharjah and Oman, Aster Qusais Hospital in Dubai which was started in 2019 financial year is ramping up nicely and trending as per our expectations. The Kannur hospital in India is also doing well during the short period in the quarter 4.

In the GCC region, with insurance now made mandatory in UAE, just made us witness an impetus in our business. The healthcare is now mandatory for employers to take for the employee wherein there is a high level of coverage of even up to 100%. The hospital in Saudi Arabia is still in transition state and is expected to gain traction during this financial year. We have been doing very well in clinical and service excellence in the year reported. The NPS score of most of our hospitals are in the range of 60 to 70% and the Google rating of our hospital are highest among the competitor hospitals in each geography.

We have done Kerala's first, bundle branch block surgery at the Aster Medcity, TAVI with the India made commercially available valve first time in the country, bariatric surgery on a 207 kg Sudanese patient in one of our hospitals and many other first in the regional and country basis.

We also received many awards and recognitions during this period. We received the AHPI award for quality beyond accreditation, nursing excellence, community engagement and patient friendly hospital awards during the financial year. We also received the coveted Dubai quality and appreciation awards for Medcare Hospital, Aster Clinics and Aster pharmacies.

As you will see from the numbers, the focus has been more on improving efficiency and controlling costs. This has significantly improved the margin. This quarter has yielded better results as is evidenced from healthy top-line and strong margin profile. We continued to focus on our business by bringing in efficiencies in cost yielding better margins going forward. Thank you. I would like to pass it on to our Group CFO, Sreenath Reddy, who will walk you through the financials now.

**Sreenath Reddy:**

Thank you doctor. Good day everyone. Aster DM Healthcare has shown a healthy financial performance in Q4 and FY19. Revenue from operations in Q4 FY19 grew 23% year-on-year to Rs. 2201 crore up from Rs. 1784 crore in Q4 FY18. Constant currency growth stood at 15%. All segments depicted healthy growth. In Q4 FY19, EBITDA excluding other income stands at Rs. 350 crore from Rs. 263 crore in Q4 FY18 at the growth rate of 33% and constant currency growth at 24%. Profit after tax after adjusting for the exceptional income in the previous year grew by 44% from Rs. 145 crore in Q4 FY18 to Rs. 209 crore in Q4 FY19, a 33% growth in terms of constant currency.

Coming to our 12 months performance, revenue from operations for FY19 grew by 18% at Rs. 7,963 crore from Rs. 6,721 crore for FY18. EBITDA excluding other income grew by 41% from Rs. 613 crore for FY18 to Rs. 863 crore for FY19. Profit after tax after adjusting for exceptional income in previous year grew to Rs. 335 crore from Rs. 139 crore in FY18. Our revenue from operations, EBITDA and adjusted PAT under constant currency growth stood at 11%, 32% and 121% respectively.

Coming to the balance sheet, net debt has increased to Rs. 2,329 crore as at March 31, 2019 from Rs. 1,916 crore as at March 31, 2018. The debt increase resulted mainly due to expansion in GCC in India for Greenfield projects and acquisitions. Net debt in India increased from Rs. 160 crore as at March 31st 2018 to Rs. 242 crore as at March 31st 2019. Net debt in GCC increased from US \$271 million as at 31st March 2018 to US \$301 million as at March 31st 2019. The net debt to EBITDA ratio stands at 2.7 as at March 31st 2019.

We are very happy with our performance this quarter and the financial year which is in line with what we expected. We have performed better in FY19 over the previous year and this is a testament to our focus from high quality service that we provide to the patient for which our business is being recognized.

Coming to the segmental performance, revenues in hospitals increased by 22% to Rs. 3,969 crore in FY19 from Rs. 3,241 crore in FY18. EBITDA excluding other income increased 37% from Rs. 364 crore in FY18 to Rs. 501 crore in FY19. The EBITDA margin improved to 12.6% in FY19 from 11.3% in FY18. Inpatient count was 2,18,000 in FY19 as compared to 2,02,000 in FY18 with a growth of 8%. Outpatient visit was 3.14 million in FY19 as compared to 2.8 million in FY18 with the growth of 12%. Revenue in GCC clinic has grown by 14%. The EBITDA margins have improved from 12% in FY18 to 16% in FY19. For pharmacies, there has been a revenue growth of 21% and the EBITDA margins have been maintained at 10.2% in FY19. This is testament to the all round growth of the business.

Considering our robust growth in Q4 FY19, we are extremely positive of the next financial year. With a strong focus on growth and cost optimization initiative, we strongly believe that our financial results will further improve going forward. On that note, I conclude my opening remarks. We would be happy to give you our perspective on any questions that you may have. I request the operator on this call to open the question and answer session. Thank you.

**Moderator:**

Thank you very much. Ladies and gentlemen, we will now begin the question and answer session. We take the first question from the line of Pragya Vishwakarma from Edelweiss. Please go ahead.

**Pragya Vishwakarma:**

Just 2 to 3 questions, firstly on the clinic side, we see in fourth quarter 19 you have achieved margins of around 23%. I understand annual numbers might be better to look at but are there any one-offs in this margin and if any what would be the adjusted margin for clinics?

**Sreenath Reddy:** As mentioned in the investor presentation, we would request you to look at the full year for the segmental, but however, beginning from next quarter, it will be more representative because in the previous year, we had orders for just half year. We didn't have quarterly orders, so because of which it may not be representative, but having said that I could explain your question. The margins have definitely improved and the improvement in margins and clinic margins were due to two reasons. Basically, the clinics which were loss making have turned into profit because as you are aware, we had lot of clinics started during the last 2 to 3 years and some of them were in the ramp up stage and some of them were losing money. Now most of these clinics are more or less in a steady state and they have contributed significantly to the margins and also we have brought in lot of cost efficiencies because of which we can see improved margins on the clinic side.

**Pragya Vishwakarma:** So if I understand then there is no one-off and this margin is sustainable in your clinic business, if we have to see the forecast?

**Sreenath Reddy:** Yes, there is no one-off. All this is normal business, so we could look at it, but I would still suggest to look at on a full year basis on the segmental side for at least for this quarter, but from next quarter onwards, you can compare it with the previous quarter.

**Pragya Vishwakarma:** And in the fourth quarter, we see very handsome growth in ARPOB and GCC in India, GCC around 14% and India around 6%, so Y-o-Y also we see growth and Q-o-Q as well, so please can you throw some light on it and going ahead, what can be the ARPOB growth guidance?

**Sreenath Reddy:** In terms of ARPOB growth, yes definitely there is an increase in the ARPOB. Coming to the GCC because the hospitals what we started was more in the space of Medcare which gives us higher ARPOB, so therefore you see a significant growth in the ARPOB, but going forward, the ARPOB may not increase significantly in the GCC because we will be coming up with Aster Hospitals where there is more demand in the mid segment rather than in the high segment, so therefore you should look at the ARPOB being more or less on similar lines or at the same levels going forward; however, India ARPOB will continue to increase. We see an increase of at least around 8%.

**Pragya Vishwakarma:** And for GCC, what will be the normal number as you said going ahead, probably Aster, the mid segment brand and the lower segment brands will grow at a higher rate, so what would be your guidance for GCC ARPOB?

**Sreenath Reddy:** So we would look at may be around 150,000 on a consolidated basis.

**Pragya Vishwakarma:** And lastly, it is very difficult to drag any risk pertaining to our industry in GCC, so any key points which you would want to highlight which we as analysts can drag and get sense of things because it is very difficult for us to know whatever industry trends are going there in GCC and also what are the risks in next 2 to 3 years for our business in GCC?

**Dr. Azad Moopen:** I will answer that question. So this is in fact a major negative for us because the investors and analysts who are in India, they don't clearly understand our business and we many times feel that the business is not to be understood and valued, but as we go forward, we are sure that you will understand it better. It is a little complicated business because we are not only into just hospital. In the GCC, we have hospitals, clinics, pharmacies. We also have three levels, that is segments, that is the higher income, middle income and lower income, so this whole thing and multiple geographies also, it is complicated. We understand that. So what we are trying to do is that in our investor presentations, we are trying to make it as simple as possible

and that is what we have done this year, the snapshot full year as well as for the snapshot for the quarter. We have simplified it and this will be the metrics which we will be following as we go forward which will make it easier, like the questions which you asked regarding ARPOB, it will be easy for you to look at that and the other businesses also on the base of the growth and all, the pharmacy and the clinic business which you will be able to understand. There are certain things which are common, but there are certain things which are entirely different because it is difficult to comprehend ARPOB of this much difference between India and GCC but at the same time, the costs were also different. So I am sure that in the next 1 or 2 quarters as we go forward, you will be able to understand. One thing which has been understood by the analyst now is the seasonality. The first 6 months, the business is not good in GCC and the efficiencies kick in and business increased in the second two quarters. That is evident from this one year. I hope that this is understood to the analyst as well as to the investor.

**Pragya Vishwakarma:** And in terms of risks in GCC for next 2 to 3 years?

**Dr. Azad Moopen:** No, we don't see risks. There has been actually some of the businesses like the real estate and all having some issue, but luckily for us 60% of our GCC business comes from Dubai which is a very stable market and that market has now almost 100% insurance coverage in Dubai and Abu Dhabi where we have the maximum business in Dubai, so this has really helped us because it has completely taken out the issue of the volume. The volumes are there, the only issue is the margin, so we are now focusing on margin improvement by improving the efficiency and because the top-line can't go up too much, there is a limitation because the insurance has come in and we are now focusing on the margins and as such risks, we don't see any risks. In fact, it is a very stable market and we hope that we will be able to have a stable business here.

**Pragya Vishwakarma:** And lastly sir, I missed your comments on the new segment, Aster labs where you mentioned you have taken a space in Bangalore, can you just repeat your comments on that and what is your vision in next 2 to 3 years for this verticals?

**Dr. Azad Moopen:** Yes, so I can give little more details from what I said, see we have started this business this financial year, we got the approval from the board and we are rolling it out. Already, a man is on board who has got significant experience in that business with another competitor, major brand in India. So as you know we already have a significant business in the laboratory in our lab in our hospital. Our 14 hospitals in India will have significant business, so that is one part. We are not looking at that. That consolidation will happen along with this, but more importantly this is a B2C business. We are going like any other lab chains in India, we are going with the brand that we have in the South India especially to the public at a B2C business and we propose to open one reference lab in Bangalore and 8 satellite labs during this period and 13 patient experience centres. The investment in the first two years will be only Rs. 40 crore because as you know, many of this equipments are being given on reagent rental basis, so the overall CAPEX is very low. What we are planning is that by second year, we will get a real feel of the market and we want to expand significantly during that period organically and inorganically and we are looking at some acquisitions of the regional players in South India and we hope that this will become a significant part and that will also increase our overall ROI in India which is a talent now. In GCC, we have very good ROI, but we hope that the India ROI will go up with this business.

**Moderator:** Thank you. The next question is from the line of Harit Ahmed from Spark Capital. Please go ahead.



- Harith Ahmed:** Can you help us understand the contribution from the two new hospitals that you acquired in GCC, one in Oman and the other in Dubai, I believe and what is the vintage of these assets and what is the kind of numbers that we should be expecting from these in FY20?
- Sreenath Reddy:** So, Harith the two hospitals that we acquired is one in Oman which is Ibri hospitals and the other in Dubai which is Cedar and this was acquired in the fourth quarter end, so the contribution from this Ibri is very minimal because it is a small facility, Cedar at this point of time, we don't have a contribution but we see huge potential in terms of reference coming from this facility to our other facilities and subsequently, we have got plans of building a large facility at Cedar, so therefore the contribution from these two may not be significant at least for FY20, but only FY21 is where we are looking at they contributing to the business.
- Harith Ahmed:** And what would be your CAPEX guidance for FY20, earlier you had guided for positive free cash in FY20, do you still maintain that after factoring your plans on the diagnostic side?
- Sreenath Reddy:** So the CAPEX last year what we had indicated around Rs. 650 crore on a normal basis, there we are 100% around Rs. 80 crore which is coming into the current year, the spend will be happening in the current year, so considering this, we are looking at around Rs. 580 crore of CAPEX in the current year.
- Harith Ahmed:** And this is excluding acquisitions right, Rs. 580 crore?
- Sreenath Reddy:** Yes, this is excluding acquisitions.
- Harith Ahmed:** And which are the facilities where you would be spending this CAPEX and what would be the maintenance component of this Rs. 580 crore?
- Sreenath Reddy:** If you look at the Rs. 580 crore, around Rs. 150 crore will be for the maintenance CAPEX and the new another Rs. 150 crore will be for expansion of our existing facilities because some of the cases we are increasing facilities by adding both in terms of beds as well as adding equipments and remaining amount will be mainly for the new facilities.
- Harith Ahmed:** And last one, on the established units in India, we have seen good quarter-on-quarter improvement in the margins through the year, I know the first half was hit by a few one-offs but we have ended the year at 16% margins for the fourth quarter in India hospitals, I am talking about the established units, so is there a scope to improve from current levels or should we look at the current numbers as steady state margins for this bucket?
- Dr. Harish Pillai:** Thanks for the query. Like you mentioned, we had challenges due to natural calamities, primarily in Kerala, North Kerala we had Nipah virus and Central Kerala we were impacted by floods, but right now we are more on steady state. The focus is to drive in topline. We have also put in lot of measures to improve operational efficiency in terms of man power and material cost. That will be in an ongoing drive starting from quarter 3, quarter 4 and this fiscal we are again targeting on consolidating the efficiencies which has already brought in and I am sure that will yield better margins going forward.
- Harith Ahmed:** And last one if I may, this quarter I believe there were some start-up losses from the Kannur facility, will you be able to quantify that at the EBITDA level?

- Sreenath Reddy:** So that loss is because again, there we started only around 15th of March, so that losses have been very minimal but one positive thing is that this Kannur facility is doing extremely well. I would request doctor to talk a little bit on Kannur.
- Dr. Azad Moopen:** So, Harith, Kannur is beyond our expectation. That is one hospital which is going to be a record in break even. That is what we feel. So far, it has been the Bangalore hospital which broke even cash break even within one year. We hope that this will be even earlier than that so that is something which we hope of. We projected significant loss this financial year which we will be less than that definitely. That is what we feel because there is a significant over performance there even with only the part of the facility coming into. We got the best doctors in the city and there was a gap at Kannur, there was a demand supply gap and we hope that this will be a very good initiative. At least we will be losing much less than what we projected.
- Moderator:** Thank you. The next question is from the line of Madan Gopal from Sundaram Mutual Fund. Please go ahead.
- Madan Gopal:** My first question is on the working capital side, we see from year-on-year basis there is an increase of receivables of around Rs. 500 crore, where is it coming from, can you give the split between GCC and India in this?
- Sreenath Reddy:** Madan, this will be mainly from GCC, but I can give the split. If you look at the split, Rs. 449 crore come from GCC and India is Rs. 33 crore, so major part of this increase in the receivables is from the GCC side because almost 90% of the business being from insurance.
- Madan Gopal:** And when you mention that the ROC of the Indian operation is weak, you have given ROC of established units in India as 4%, can you give the capital employed split also between GCC and India?
- Sreenath Reddy:** Yes, the capital employed in GCC is Rs. 3,500 crore and in India the capital employed is Rs. 2,000 crore, this is the average capital employed.
- Madan Gopal:** And what would be for established units target for ROC, like probably not immediate, say last year you had some impact of Kerala operations and all, in 2 years where do you see this ROC of established units moving in India?
- Sreenath Reddy:** So, in India the suggested hospitals can contribute around 14%. When I am saying around 14%, this I am talking 3 to 4 years from now. Our established hospitals should take us there and also if you look at some of the capital what we have invested is mainly into the land which we are trying to now monetize mainly at Medcity, so with that the actual capital that has gone into the business will significantly go down. We are confident that the established hospitals will be at 14% but the new hospitals are something which will always be a drag and we expect that in 3 to 4 years on a consolidated basis in India, we should be at around 10%.
- Madan Gopal:** 10% ROC?
- Sreenath Reddy:** ROC on a consolidated basis including the new ones and established ones. Established ones, we are of the opinion that it would go to around 14%.
- Madan Gopal:** Land investment that you were mentioning, how much is that?

**Sreenath Reddy:** Land, we have got 40 acres of land at Medcity, right now what we are using is only 12 acres of land, so the remaining land is something which we are looking at monetizing in India.

**Madan Gopal:** And when you are targeting the mature hospitals to reach 14% ROC, what sort of matured margin level that would be in those hospitals at that point?

**Sreenath Reddy:** We are looking at anywhere in the range of 20 to 25%, our matured hospitals will be in the range of 20 to 25% EBITDA margin.

**Moderator:** Thank you. The next question is from the line of Shyam Srinivasan from Goldman Sach. Please go ahead.

**Shyam Srinivasan:** Slide 28, if you look at over these years, margins are 16.4 for fiscal 19, but were more than 18% last year, so I am trying to understand what went there?

**Sreenath Reddy:** So it is 16.4% in the established units and you are comparing it with the previous year.

**Shyam Srinivasan:** Yes, you are right.

**Sreenath Reddy:** Previous year, what was it?

**Dr. Azad Moopen:** 18%.

**Sreenath Reddy:** That much be because of the Aster hospital which has come in, some of the hospitals where there is a ramp up, the three year old because here we are segregating into 3 year, established with more than 3 years and less than 3 years is ramp up, so I think, Bala could you answer that?

**Balachander R:** Shyam, I think this is nothing but we have discussed this before in the last year also, if you look at our entire the main reason for over flux if you look at our last year first half, first half Saudi operations we had not transitioned away from the government business completely, so there was still government business in the first half, second half is when we had transitioned out of the government business, so the first half profitability and everything was high, so now that component is there as part of your previous component because of which you are seeing a slight margin degrowth. From second half onwards, what happened was that entire government business had gone up and we had gone into the business transition shifting into instruments and cash in the second half.

**Sreenath Reddy:** So Shyam to add on to what Bala said, I think the difference is mainly coming from the Saudi, the performance actually in Saudi during the transition was much better compared to what it is in the current year where the margins are slightly lower compared to what it was during the phase of transition and which we are confident that in the current year, the margins at Saudi should go up and we should be back to those levels what you had seen in FY18.

**Shyam Srinivasan:** Sreenath, if you can remind us, is it low single digit EBITDA margin now, is it growing to high single digit and in the opening remarks, I think doctor also mentioned about our confidence in Saudi improving, so what has changed, is it the mix that is driving the confidence and I also remember in Saudi, we were moving from the class of patients was also changing, so if you can give an update on Saudi that will be very helpful?



**Sreenath Reddy:** Saudi, it still remains the same, in the sense that we are still at lower single digit EBITDA margins and we hope that this year it should do better by the end of the year because the key is going to be the addition of the additional beds what we have been planning which has been taking considerable time due to various approvals. We are confident that this facility, the additional beds can come up in the next 9 to 10 months, so with that happening then the patient mix will change. Right now, we have got only C class patients and with the new facility with the additional beds coming up, then we will get class A and class B patients. That will change the margin profile of the Saudi business but at this point of time we are still at the lower EBITDA margin.

**Shyam Srinivasan:** And fiscal year 19, how was the peer mix for Saudi if you can, so that we can compare with 18 that will be helpful?

**Sreenath Reddy:** So if you look at the peer mix, almost 40% was with government related entities which includes the MOH and remaining 60% was with the private insurance. See the private insurance, mainly the challenge in the pricing is bit lower for C class patients and that is where even though we move to the insurance, in between we again had to go back to the government business, but we have been getting money, but more at a reduced pricing but however, with the new facilities coming up, then we will move more towards the private and we will be concentrating more on A class and B class patients.

**Shyam Srinivasan:** My second question is on capital allocation related with the labs, I know it is a small amount related to the entire company but Dr. Moopen if you can tell us, it is a very competitive space, the labs, I know there is an argument you are making on ROIC to improve if labs comes in but don't you think the underlying space itself is so competitive for an additional player to come, do you still think there is value that can be made here?

**Dr. Azad Moopen:** I will answer that question. See, when we look at the lab space, if you look at overall in India, the lab definitely is estimated to about Rs. 45,000 crore and mostly in unorganized sector and the organized business will be including the hospital labs will be less than say, Rs. 10,000 crore and the lab asset standalone labs which is less than even Rs. 3000 crore, so there is a significant opportunity and what we find and what is the differentiating USP for us is that we have a brand support in the areas where we are operating like in the South India as well as in the GCC ultimately where we want to start this as we go forward. So the brand, Aster will give confidence to people which is not there with many of these present labs which are providing the B2C business, so that I think will be definitely a positive mark for us and also we are looking at some engineered ways in which the supply chain as well as collection methods can be made more automatized and we can provide a better customer experience, so that the customer need not even come to the lab, can sit at home and we can do the collection, so we hope that we will be able to produce some USPs and which will help us in having a good business in that way.

**Moderator:** Thank you. We take the next question from the line of Tushar Manudhane from Motilal Oswal Securities. Please go ahead.

**Tushar Manudhane:** So just on the GCC space, I would like to understand how strategically we are separate in terms of branding or in terms of the case mix compared to the other top hospitals in that region?

**Sreenath Reddy:** How are we comparing to the other businesses like NMC?

**Dr. Azad Moopen:** See there is an essential difference between other players and that is because we have a significant amount of clinic and pharmacies which most of the other players

don't have. The NMC's pharmacy business is coming from their wholesale pharmaceutical distribution, not from the primary care or retail pharmacies and the clinic business in fact, none of the listed players have it significantly, so for us there is just 50 to 55 percent coming from the hospitals and 25 percent from pharmacies and around 25 percent from the clinic, so it is equally split between the primary care business as well as the hospital business, so this makes the comparison little difficult and adding onto that complication, the issue is the three segmentation that we have done, economic segmentation of the brand where we have a top brand which is catering to the high end patients in the economic segment, mid segment which is the Aster and also the Access which is to the lower end of the economic segment, so it is little complicated, little difficult to compare except may be the pharmacy business which is comparable to other players who are there in the market, so it is not very easy, not straight forward, but it is little difficult.

**Tushar Manudhane:** Sir, the way you have classified or let us say, broken down the brands based on the income of the patients in that region, had it been classified based on the religion, would that have worked well and this is much different?

**Sreenath Reddy:** No, there is no relationship to religion, it is purely on the basis of the income, for example, blue collar workers, may be from different countries of different religion, different nationality, so there is no relationship to any nationality or religion, it is all the economic segments which we are looking at, the upper end, the middle end and the lower end.

**Moderator:** Thank you. Ladies and gentlemen that was the last question for today. I would not like to hand the conference back to the management for closing comments. Over to you.

**Dr. Azad Moopen:** Thank you very much. Thanks a lot for participating in the investor call and anything which you want further to clarify, you can actually contact our investor relation desk. We thank you for taking the time out and engaging with us today. We value your continuous interest and support in the company. Thank you very much. It was a very nice interacting with you all today.

**Moderator:** Thank you very much sir. Ladies and gentlemen, on behalf of Aster DM Healthcare Limited, we conclude today's conference. Thank you all for joining, you may disconnect your lines now. Thank you.